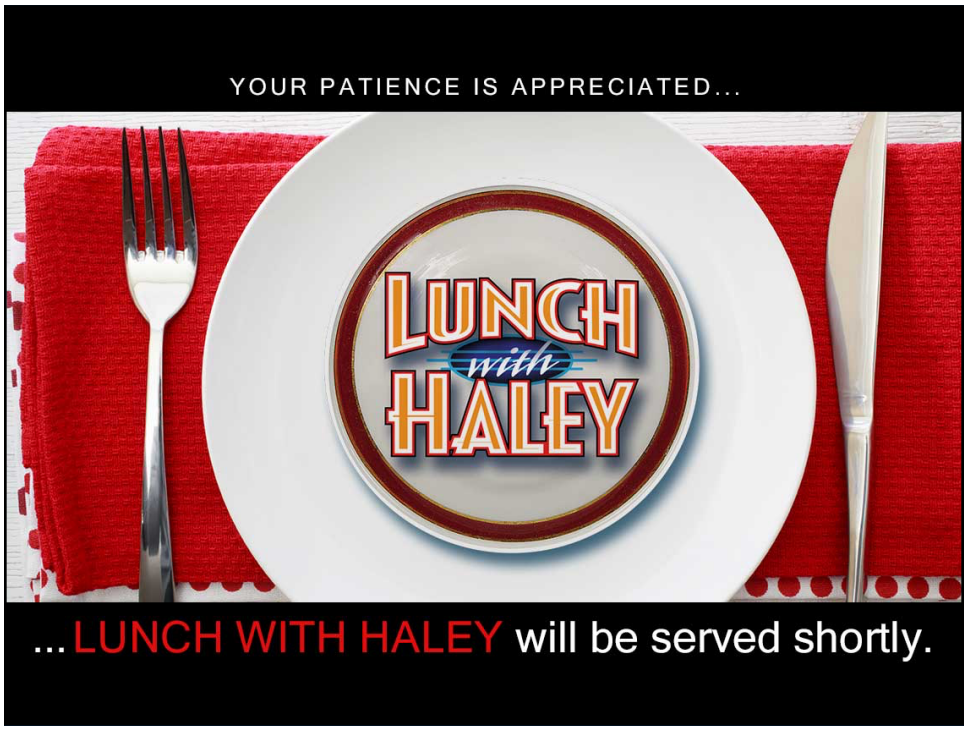

Higher Margins through the use of Data and Analytics

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Agenda

* Learning Objectives
* Current management and use of data
* Internal vs External Comparisons using that data
* Basic Data Reports and Concepts
* More Advanced Data Usage Concepts
* Conclusion and Questions

Learning Objectives

* **Overall**– it's our goal for you to walk away understanding that this is very achievable
* **Owners** – learn to make more informed decisions quickly about your business using data
* **Operations/Risk Management** –how to use data to communicate effectively with sales and ownership on client improvement opportunities, allocating resources and potential exit strategies from unprofitable business.
* **Sales** – how to use data as a sales tool to create a win/win partnership.

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What can you do to control and own your risk management data?

- Front office data entry integrity
  - (Employee name, Customer name, branch, pay rate, gross margin, WC burden, class code , sales person, recruiter)
- Back office data integrity
  - (invoicing/customer), (payroll/employee), timesheets (customer and employee), commissions (sales person/recruiter, (billing hours), etc.)
- First Report of Injury
  - (employee name, employee number, date of accident, customer location, time of accident)
- Insurance Carrier Loss Reports
  - (employee name, employee number, date of accident, customer location, class code, wc losses, branch, region, claims adjuster)
- PEO data loss reports

GIGO – Garbage in, garbage out – flawed input data produces flawed output data

What risk management data is important? It depends…

Step one……
If You Can Measure It, You Can Improve It!
Having a conversation about organizational and Risk Management goals will identify key metrics to measure.

WC losses	**Injury Date**
Medical costs	**Class Code**
Indemnity cost	**Pay Rate**
Hours Worked	**DSO**
OSHA Recordable	**Sales Person/Recruiter**
Client Name	**Claims Adjuster**
Branch	**Day of the Week**
Region	**Job Description**
Zip Code	

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Strategies to make risk management data relevant

THIS IS THE HARD PART

* Raw data may need to be cleaned up, restructured, and renamed
* You may need to integrate multiple sources
* Make it usable

  Consistent naming conventions in:

  * Payroll system
  * Loss Runs

  Blend the data in to a usable format

  * Excel spread sheet
  * CSV

Now that you have good data, how do you use it?

* **Benchmarking**
  * Who should you be comparing yourself too?
* **KPI's**
  * We aren't talking about Customer Satisfaction and Fill Rate
* **Profitability Analysis**
  * Do you really know if a client, branch or region is profitable?
* **Trending**
  * Are things moving in a particular direction in a positive or negative way? How do you react?
* **Risk Management Reporting**
  * Does you risk manager, claims person or HR person have the data to make informed decisions?
* **Financial Reporting**
  * Does your CFO, Controller, VP of Finance have relevant workers compensation performance data to allocated cash to the appropriate areas of the business?
* **Ownership Reporting**
  * Do you, as an owner, have a combination of risk and financial data in order to get a handle on how the business is performing?

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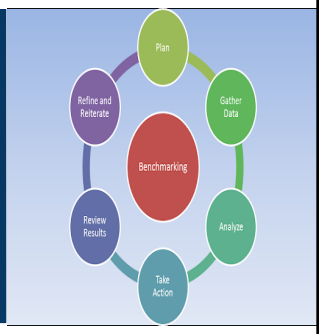
Benchmarking

* Comparing yourself to others in relation to a set standard

Experience Modification Factors and Frequency Rates
Average Claim Costs by Year
Indemnity Claims vs. Med Only Claims
Closure Rates
Causes of Claims
Exertion Claims

Slip, Trip or Fall Claims
Length of Employment
Claims Within First 15 Days of Employment
Age of Claimants
Age Analysis: Younger Workers
Age Analysis: 60 Years and Over
Age group
Injury by Body Part
Lag Time
State Claim Characteristics
Large Claims Over $250K



Key Performance Indicators (KPI's)

Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives.

Sample KPI's for Staffing Clients:

- Average Cost per claim
- Average Lag Days
- % Reported in 3 days or less
- % of Indemnity claims vs. Medical only claims
- % of claims over $10K
- % closed
- Loss Rates

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Basic Dashboard

OSG Monthly Report

TIME RANGE
05/01/2018 - 04/30/2019

COMPANY
4bd[illegible]c5a-3518-11e8-a904-b71e269164df

Average Per Claim	Average Lag Days	% Reported 3 Days	% Indemnity	% Over $10K	% Closed
$7,518	6.1	57 %	21 %	15 %	70 %
	< 5.0 Days	> 80%	< 11%	< 7%	> 80%

TOTALS

Count	Open	Closed	Incurred	Paid	Outstanding
130	39	91	$977,400	$490,191	$487,208

Stratification	Count	Total Incurred	Largest	Average
1 to 1,500	81	$49,380	$1,364	$610
1,500 to 5,000	22	$52,709	$4,998	$2,396
5,000 to 10,000	8	$54,900	$9,811	$6,862
10,000 to 25,000	6	$84,292	$16,770	$14,049
25,000 to 50,000	7	$251,523	$49,265	$35,932
50,000 to 100,000	5	$340,377	$83,763	$68,075
100,000+	1	$144,219	$144,219	$144,219

Monthly Totals

Monthly Totals	Count	Total Incurred	Largest	Average
May 2018	11	$70,849	$58,996	$6,441
Jun 2018	13	$147,203	$83,763	$11,323
Jul 2018	14	$210,191	$144,219	$15,014
Aug 2018	8	$5,453	$1,509	$682
Sep 2018	11	$55,517	$37,766	$5,047
Oct 2018	13	$175,160	$81,405	$13,474

Lag Time	Count	% of Total Count	Total Incurred	% of Total Incurred	Largest	Average
0 to 3 Days	74	57 %	$562,168	58 %	$144,219	$7,597
4 to 7 Days	30	23 %	$167,402	17 %	$58,596	$5,580
8 to 14 Days	15	12 %	$200,956	21 %	$81,405	$13,397
15 to 21 Days	3	2 %	$2,571	0 %	$1,650	$857
22 to 28 Days	5	4 %	$5,407	1 %	$2,390	$1,081
Over 28 Days	3	2 %	$38,896	4 %	$37,766	$12,965
	130	100 %	$977,400	100 %	$326,026	$41,478

Day of Week	Count	Total Incurred
Sunday	3	$32,261
Monday	26	$154,128
Tuesday	23	$272,407
Wednesday	25	$62,366
Thursday	21	$79,171
Friday	26	$368,782
Saturday	6	$8,285

Body Part	Count	Total Incurred
Back	20	$103,611
Finger(s)	17	$308,713
Hand(s)	13	$51,546
Arm(s)	9	$87,504
Ankle(s)	8	$19,919
Head	8	$4,710
Foot/feet/toe(s)	8	$12,044

Cause of Injury	Count	Total Incurred
Struck by / against	37	$228,235
Exertion	33	$270,787

Injury Type	Count	Total Incurred
Sprain/Strain	52	$382,843
Contusion	26	$28,723
Laceration	22	$282,216

Profitability Analysis

Region	Branch	Customer	Hours	Payroll	Premium from Financials	Billing
Toddler	Tony's Backyard	Luke	612,911	$7,875,543	$644,782	$11,352,237
Preschool	Tony's Basement	Phillip	488,156	$5,614,803	$221,585	$7,606,033
Toddler	Kevin's Basement	Riley	434,125	$4,650,698	$138,305	$6,048,325
Preschool	Kevin's Backyard	Riley	351,093	$4,039,354	$223,758	$5,700,098
Preschool	Kevin's Backyard	Hudson	145,835	$1,574,987	$68,897	$2,178,661

Gross Profit	GP %	Frequency Rate	Claim Count	Incurred	Premium Less Incurred	Incurred/ Financials Premium
$1,587,158	14%	9.46	29	$563,822	$80,961	87%
$1,248,058	16%	2.05	5	$13,130	$208,456	6%
$818,250	14%	7.37	16	$33,310	$104,995	24%
$722,274	13%	12.53	22	$294,071	-$70,313	131%
$277,126	13%	24.5	27	$413,271	-$344,374	600%

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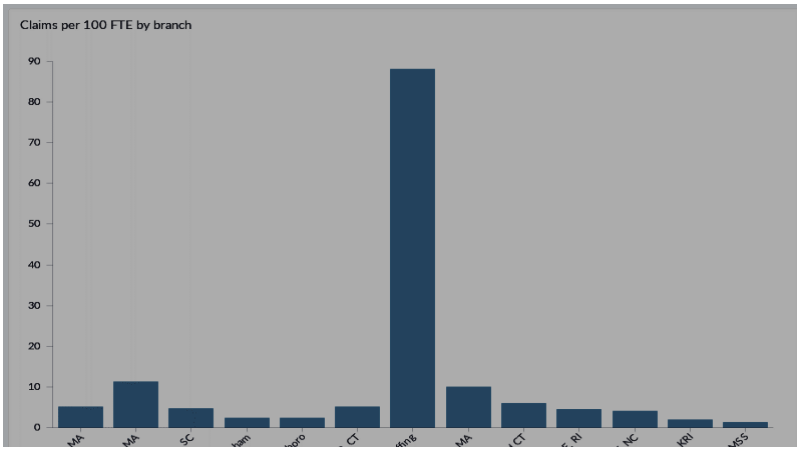
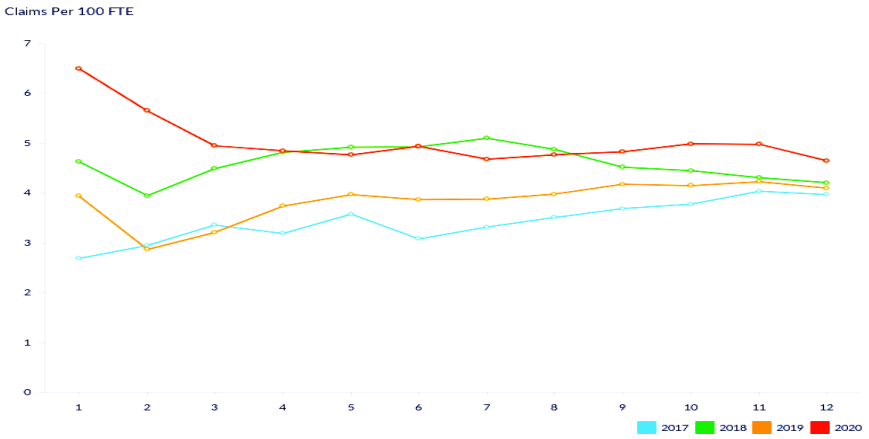
Trending



Trending



Conclusion

- Finding the time to manage your data isn't easy, do not take the path of least resistance
- This is what "Best in Class" staffing firms are doing
- Lean on your insurance advisors, payroll company and software providers to assist you in setting the stage for success
- If you're with a PEO, hold them to a higher standard and ask them to provide you the data you need to operate your business.
- Workers compensation is your #2 expense, measure it and manage it.
- **Use data and analytics to make real time business decisions, in order to protect your margin and increase awareness on potential margin erosion.**
- **Benchmark Report can be downloaded at:**
- www.odellstudner.com/staffing/

UP NEXT:

Branded Content 2021
Tuesday, February 16, 2021 at 2:00 PM ET

Building Your Marketing Stack
Thursday, February 18, 2021 at 2:00 PM ET

Reserve your seat:
www.lunchwithhaley.com

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